

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION INTO THE	)	
REASONABLENESS OF THE EARNINGS OF	)	CASE NO. 9859
BRANDENBURG TELEPHONE COMPANY, INC.	)	

O R D E R

IT IS ORDERED that Brandenburg Telephone Company shall file an original and 10 copies of the following information with the Commission, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Careful attention should be given to copied material to insure it is legible. The information requested is due no later than July 29, 1987. If the information cannot be provided by this date, a motion for an extension of time must be submitted stating the reason for the delay and the date by which the information can be furnished. The Commission will give due consideration to such motions.

1. Provide a copy of the monthly NECA settlement statements for the period January 1985 - May 1987.
2. Provide a detailed statement of interstate end user charge billing for the month of March 1987.
3. Are there any charges related to the carbon block protector replacement program reflected in the test period?

4. Explain why local service revenues are lower in the months of February and March 1987 when compared to the rest of the months in the test period. Also, subsequent to the test period, April 1987 is very low when compared to May 1987, why?

5. During the test period, billing and collection revenues, both intra and interstate, reflect some volatility when comparing months. Please normalize the months of the test period, relating the revenues to the months for which they were billed.

6. Please explain why end user revenue in May 1987 was negative.

7. The trial balance did not reflect a NECA settlement for the month of May 1987. Why?

8. Will the Company prepare a theoretical depreciation study?

9. When comparing the expense information provided in Question #2 of the response to the staff data request and the expenses as reflected in the Company's reply brief, the following differences were noted:

<u>Item</u>	<u>Data Request</u>	<u>Reply Brief</u>
Depreciation	\$ 1,197,156	\$ 1,172,074
Traffic	10,298	42,658
Commercial	824,270	760,128
General Office	233,271	231,001
Other Expenses	413,291	472,421

Please explain these differences.

10. Deregulated maintenance expense account 605-120, 605-210 and 605-400 were deducted from the test period expenses. Account 605-300 also appears to be deregulated (there are no expenses

recorded in the first quarter of 1987). Should these expenses also be deducted from the test period?

11. Depreciation in September and December 1986 is much higher than the other months of the test period. Why? Please normalize the expenses for the test period.

12. What does the \$1,242 in account 624-000 in February 1987 represent?

13. What is included in account 605-700?

14. What is included in account 648-100 "AT&T Toll Investigation"? Should these amounts be included in a payable account?

15. In August and December 1986, General Office expenses were substantially greater than the other months of the test period. Why?

16. Account 672-000 "Retirement Insurance" reflects a negative \$108,627 in October 1986. What does this represent?

17. Account 672-100 "Major Medical" reflects negative amounts in August and November 1986. Why?

18. Account 674-000 "General Services" is negative in December 1986. Why?

19. Account 675-000 "Miscellaneous Operating Expenses" is substantially greater in December 1986 than the other months of the test period. Why?

20. Please describe the purpose of each advertising expenditure reflected in Tab #7 of the reply to the staff data request.

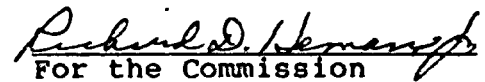
21. Please provide a computation of the most recent payment of property taxes.

22. Please provide the current CCLC rate for interstate and intrastate originating and terminating traffic.

23. Please provide an estimate of the costs that might be incurred should a hearing be conducted in this case.

Done at Frankfort, Kentucky, this 22nd day of July, 1987.

PUBLIC SERVICE COMMISSION

  
For the Commission

ATTEST:

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Executive Director